

## House File 179 - Introduced

HOUSE FILE 179

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### A BILL FOR

1 An Act relating to school district funding from the taxpayers  
2 trust fund by making transfers to the property tax equity  
3 and relief fund, establishing a school district property  
4 tax replacement fund and making transfers to the fund,  
5 making appropriations, and including effective date and  
6 applicability provisions.  
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 8.57E, subsection 2, Code 2013, is  
2 amended to read as follows:

3 2. Moneys in the taxpayers trust fund shall only be used  
4 pursuant to appropriations or transfers made by the general  
5 assembly for tax relief.

6 Sec. 2. Section 257.2, subsection 9, Code 2013, is amended  
7 by adding the following new paragraph:

8 NEW PARAGRAPH. *d.* Property tax replacement payments  
9 received under section 257.16B.

10 Sec. 3. Section 257.4, subsection 1, paragraph a, Code 2013,  
11 is amended by adding the following new subparagraph:

12 NEW SUBPARAGRAPH. (8) The amount of the school district  
13 property tax replacement payment received by the school  
14 district under section 257.16B.

15 Sec. 4. Section 257.4, subsection 1, paragraph b, Code 2013,  
16 is amended to read as follows:

17 *b.* For the budget year beginning July 1, 2008, and  
18 succeeding budget years, the department of management shall  
19 annually determine an adjusted additional property tax levy and  
20 a statewide maximum adjusted additional property tax levy rate,  
21 not to exceed the statewide average additional property tax  
22 levy rate, calculated by dividing the total adjusted additional  
23 property tax levy dollars statewide by the statewide total  
24 net taxable valuation. For purposes of this paragraph, the  
25 adjusted additional property tax levy shall be that portion of  
26 the additional property tax levy corresponding to the state  
27 cost per pupil multiplied by a school district's weighted  
28 enrollment, ~~and~~ then multiplied by one hundred percent less  
29 the regular program foundation base per pupil percentage  
30 pursuant to section 257.1, and then reduced by the amount of  
31 property tax replacement received under section 257.16B. The  
32 district shall receive adjusted additional property tax levy  
33 aid in an amount equal to the difference between the adjusted  
34 additional property tax levy rate and the statewide maximum  
35 adjusted additional property tax levy rate, as applied per

1 thousand dollars of assessed valuation on all taxable property  
 2 in the district. ~~The statewide maximum adjusted additional~~  
 3 ~~property tax levy rate shall be annually determined by the~~  
 4 ~~department taking into account amounts allocated pursuant to~~  
 5 ~~section 257.15, subsection 4.~~ The statewide maximum adjusted  
 6 additional property tax levy rate shall be annually determined  
 7 by the department taking into account amounts allocated  
 8 pursuant to section 257.15, subsection 4, and the balance of  
 9 the property tax equity and relief fund created in section  
 10 257.16A at the end of the calendar year.

11 Sec. 5. Section 257.15, subsection 4, paragraph b, Code  
 12 2013, is amended to read as follows:

13 b. After lowering all school district adjusted additional  
 14 property tax levy rates to the statewide maximum adjusted  
 15 additional property tax levy rate under paragraph "a", the  
 16 department of management shall use any remaining funds at the  
 17 end of the calendar year to further lower additional property  
 18 taxes by increasing for the budget year beginning the following  
 19 July 1, the state foundation base percentage. Moneys used  
 20 pursuant to this paragraph shall supplant an equal amount of  
 21 the appropriation made from the general fund of the state  
 22 pursuant to section 257.16 that represents the increase in  
 23 state foundation aid.

24 Sec. 6. Section 257.16A, Code 2013, is amended by adding the  
 25 following new subsection:

26 NEW SUBSECTION. 1A. For each fiscal year beginning on or  
 27 after July 1, 2013, and after the transfer in section 257.16B,  
 28 there is transferred from the taxpayers trust fund created in  
 29 section 8.57E to the fund an amount necessary to lower all  
 30 school district adjusted additional property tax levy rates to  
 31 the statewide maximum adjusted additional property tax levy  
 32 rate pursuant to section 257.15, subsection 4, after taking  
 33 into account amounts allocated pursuant to section 257.15,  
 34 subsection 4, and amounts deposited in the fund under section  
 35 423F.2, subsection 3.

1     Sec. 7. NEW SECTION. 257.16B School district property tax  
2 replacement fund — payments.

3     1. *a.* A school district property tax replacement fund  
4 is created in the state treasury under the authority of the  
5 department of management. For each fiscal year beginning on  
6 or after July 1, 2013, there is transferred from the taxpayers  
7 trust fund created in section 8.57E to the fund an amount  
8 necessary to make all school district property tax replacement  
9 payments under this section.

10    *b.* There is appropriated annually all moneys in the fund  
11 to the department of management for purposes of providing  
12 replacement payments to school districts pursuant to this  
13 section.

14    2. For each budget year beginning on or after July 1,  
15 2013, the amount of money in the school district property tax  
16 replacement fund shall be used to provide school district  
17 replacement payments to each school district in the state as  
18 calculated in subsection 3, paragraph "c", and subsection 4, if  
19 applicable.

20    3. For each budget year beginning on or after July 1, 2013,  
21 the department of management shall calculate for each school  
22 district all of the following:

23    *a.* The state cost per pupil for the budget year beginning  
24 July 1, 2012, multiplied by one hundred percent less the  
25 regular program foundation base per pupil percentage pursuant  
26 to section 257.1.

27    *b.* The state cost per pupil for the budget year beginning  
28 July 1, 2013, multiplied by one hundred percent less the  
29 regular program foundation base per pupil percentage pursuant  
30 to section 257.1.

31    *c.* The amount of each school district's property tax  
32 replacement payment. Each school district's property tax  
33 replacement payment equals the school district's weighted  
34 enrollment for the budget year multiplied by the remainder of  
35 the amount calculated for the school district under paragraph

1 "b" minus the amount calculated for the school district under  
2 paragraph "a".

3 4. If an amount appropriated for a fiscal year is  
4 insufficient to pay all school district replacement payments  
5 for the budget year, the director of the department of  
6 management shall prorate the payments from the fund and shall  
7 notify the county auditors of the pro rata percentage on or  
8 before July 31.

9 5. Notwithstanding section 12C.7, subsection 2, interest or  
10 earnings on moneys deposited in the fund shall be credited to  
11 the fund. Moneys in the fund are not subject to the provisions  
12 of section 8.33 and shall not be transferred, used, obligated,  
13 appropriated, or otherwise encumbered except as provided in  
14 this section.

15 Sec. 8. EFFECTIVE UPON ENACTMENT. This Act, being deemed of  
16 immediate importance, takes effect upon enactment.

17 Sec. 9. APPLICABILITY. This Act applies to school budget  
18 years beginning on or after July 1, 2013.

19 EXPLANATION

20 This bill relates to school district funding by making  
21 certain transfers and appropriations and by providing for  
22 school district property tax replacement payments.

23 For each fiscal year beginning on or after July 1, 2013, the  
24 bill transfers from the taxpayers trust fund created in Code  
25 section 8.57E an amount necessary to lower all school district  
26 adjusted additional property tax levy rates to the statewide  
27 maximum adjusted additional property tax levy rate as provided  
28 for in Code section 257.15(4)(a), after taking into account  
29 amounts currently allocated for that purpose pursuant to Code  
30 section 257.15, subsection 4, and amounts deposited in the fund  
31 from the secure an advanced vision for education fund under  
32 Code section 423F.2, subsection 3. The bill also modifies the  
33 method of calculating a school district's adjusted additional  
34 property tax levy under Code section 257.4 to reflect property  
35 tax replacement payments received by the school district for

1 the same budget year pursuant to new Code section 257.16B.

2 The bill establishes a school district property tax  
3 replacement fund under the authority of the department of  
4 management. For each fiscal year beginning on or after July  
5 1, 2013, and before the transfer of moneys to the property tax  
6 equity and relief fund, the bill transfers from the taxpayers  
7 trust fund under Code section 8.57E to the school district  
8 property tax replacement fund an amount necessary to make all  
9 school district property tax replacement payments under new  
10 Code section 257.16B. The bill appropriates the moneys in the  
11 replacement fund to the department of management for that  
12 purpose.

13 Under the bill, for each budget year beginning on or after  
14 July 1, 2013, each school district's property tax replacement  
15 payment amount is equal to the school district's weighted  
16 enrollment for the budget year multiplied by the difference of  
17 the following: (1) the state cost per pupil for the budget  
18 year beginning July 1, 2013, multiplied by 100 percent less the  
19 regular program foundation base per pupil percentage pursuant  
20 to Code section 257.1; and (2) the state cost per pupil for the  
21 budget year beginning July 1, 2012, multiplied by 100 percent  
22 less the regular program foundation base per pupil percentage  
23 pursuant to Code section 257.1.

24 The bill provides that if an amount appropriated for a fiscal  
25 year is insufficient to pay all school district replacement  
26 payments for the budget year, the director of the department of  
27 management shall prorate the payments from the fund.

28 The bill amends Code section 8.57E to allow transfers by the  
29 general assembly from the taxpayers trust fund for tax relief  
30 in addition to appropriations which are already allowed under  
31 Iowa law.

32 The bill modifies the definition of miscellaneous income  
33 under Code chapter 257 to exclude property tax replacement  
34 payments received by a school district under new Code  
35 section 257.16B. The bill also modifies the calculation for

1 determining the amount of a school district's additional  
2 property tax levy to reflect property tax replacement payment  
3 amounts received under new Code section 257.16B.

4     The bill takes effect upon enactment. The bill applies to  
5 school budget years beginning on or after July 1, 2013.